

WHAT IS CLAIMED IS:

- [0139]** 1. A method of dynamically optimizing customer retention for a web marketing site, comprising:
- specifying a permissible defunct threshold;
  - specifying a range of offers to be included in a set of promotions;
  - determining a probability that a customer will become defunct in a predetermined period of time since the last interaction of that customer with the web site; and
  - providing a promotion to a customer if the probability that the customer will become defunct in the predetermined period of time since the last interaction of that customer with the web site is greater than a predetermined threshold.
- [0140]** 2. The method of claim 1, further comprising segmenting the sample population based on a characteristic of the customers sampled.
- [0141]** 3. The method of claim 2, wherein the characteristic is an amount that the customers spent at the web site in the past.
- [0142]** 4. The method of claim 1, wherein the last interaction includes accessing the web site.
- [0143]** 5. The method of claim 1, wherein the last interaction includes making a purchase from the web site.
- [0144]** 6. The method of claim 1, further comprising maximizing profit by optimizing an amount of discount offered in the promotion.
- [0145]** 7. The method of claim 6, wherein optimizing is performed continuously.
- [0146]** 8. The method of claim 6,
- wherein optimizing includes sampling responses received from customers that are offered promotions of varying amounts; and
  - optimizing the promotion amount provided to other customers based

on the optimum promotion amount discovered in the sample.

**[0147]** 9. The method of claim 1, wherein data related to whether a customer has interfaced with the web site is stored in the database.

**[0148]** 10. The method of claim 1, wherein an amount spent by a customer is stored in a database.

**[0149]** 11. The method of claim 9, wherein a customer is segmented for random sampling based on the amount spent by that customer.

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